

**PUBLIC OVERSIGHT HEARING ON
CONTRACTING AND PROCUREMENT IN THE
DISTRICT OF COLUMBIA: THE UTILIZATION OF
LOCAL, SMALL, AND DISADVANTAGED BUSINESS
ENTERPRISES**

**Before the
Committee on Government Operations
Council of the District of Columbia
The Honorable Vincent B. Orange, Sr., Chairman**

**Special Committee on Local, Small and Disadvantaged Business Enterprises
Council of the District of Columbia
The Honorable Kwame R. Brown, Chairman**

**March 8, 2006, 9:00 a.m.
John A. Wilson Building
Council Chamber**



**Testimony of
Jeanette A. Michael
Executive Director
D.C. Lottery and Charitable Games Control Board**

**Natwar M. Gandhi
Chief Financial Officer
Government of the District of Columbia**

Good morning, Chairman Orange and members of the Committee on Government Operations, and Chairman Brown and members of the Special Committee on Local, Small and Disadvantaged Business Enterprises. I am Jeanette Michael, Executive Director of the D.C. Lottery and Charitable Games Control Board (D.C. Lottery). I am pleased to appear before you to present testimony on the agency's utilization of Local, Small, and Disadvantaged Business Enterprises (LSDBE's).

Historically, the D.C. Lottery has been in compliance with the Equal Opportunity for Local, Small and Disadvantaged Business Enterprise Act (the Act), D.C. Code Section 2-217.01. We have filed the quarterly reports and have spent more than 50 percent of our discretionary operating expenses with LSDBE's. In addition to compliance, the D.C. Lottery has a history of supporting the participation of LSDBE's in its procurement and contracting.

In FY 2005, the D.C. Lottery had an appropriated budget of \$247,000,000. Operating expenses were \$226,088,731, which left an expendable budget of \$20,911,269. The LSDBE goal for FY 2005 was \$10,455,635. Of this amount, the D.C. Lottery spent \$10,527,063 on LSDBE-provided goods and services. The percentage of goal attainment was 100.7%.

The D.C. Lottery's chief operating officer ensures compliance with the LSDBE Act's requirements, and the D.C. Lottery's budget director identifies the expenditure target and prepares the LSDBE reports in conjunction with the Office of Contracts and Procurement in the Office of the Chief Financial Officer.

In FY 2005, approximately 86 percent of the contracts awarded by the D.C. Lottery went to small businesses. Ninety-seven percent of the contracts awarded by the D.C. Lottery went to local businesses, and 67 percent of the contracts awarded went to disadvantaged businesses. The D.C. Lottery expects to meet the goals of the act in FY 2006.

The D.C. Lottery's FY 2005 LSDBE procurements included printing, moving, office supplies and furniture, promotional items, auditing, security services, IT supplies, and the online gaming system and services. Certified LSDBE vendors handle a significant amount of the agency's advertising and promotional campaigns. The LSDBE's contracted for these jobs have demonstrated exceptional creativity and produced high quality materials.

The D.C. Lottery values the LSDBE program because it is a great equalizer. It is a conduit for achievement for many small firms that otherwise may not be able to market their goods and services.

Thank you, Chairman Brown and Chairman Orange and other committee members, for this opportunity to testify on this important policy issue in the District of Columbia. We are prepared to respond to any questions that you may have.

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